SAVINGS PROGRAM FOR EMPLOYEES OF CERTAIN EMPLOYERS AT THE U.S. DEPARTMENT OF ENERGY FACILITIES AT OAK RIDGE, TENNESSEE

Financial Statements and Supplemental Schedule

December 31, 2002 and 2001
with
Report of Independent Auditors

SAVINGS PROGRAM FOR EMPLOYEES OF CERTAIN EMPLOYERS AT THE U.S. DEPARTMENT OF ENERGY FACILITIES AT OAK RIDGE, TENNESSEE
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*All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting under ERISA have been omitted because they are not applicable.

Report of Independent Auditors

To the Participants and Administrator of
Savings Program for Employees of Certain Employers
at the U.S. Department of Energy Facilities at Oak Ridge, Tennessee

In our opinion, the accompanying statements of net assets available for plan benefits and the related statement of changes in net assets available for plan benefits present fairly, in all material respects, the net assets available for plan benefits of the Savings Program for Employees of Certain Employers at the U.S. Department of Energy Facilities at Oak Ridge, Tennessee (the "Plan") at December 31, 2002 and 2001, and the changes in net assets available for plan benefits for the year ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

July 28, 2003

SAVINGS PROGRAM FOR EMPLOYEES OF CERTAIN EMPLOYERS
AT THE U.S. DEPARTMENT OF ENERGY FACILITIES AT OAK RIDGE, TENNESSEE
Statements of Net Assets Available for Plan Benefits
December 31, 2002 and 2001
(in thousands of dollars)

	2002	2001
Assets		
Investments	$ 987,695	$ 1,030,836
Other assets		
Accrued investment income receivable	2,312	2,513
Total assets	990,007	1,033,349
Liabilities		
Due to broker	670	564
Net assets available for plan benefits	$ 989,337	$ 1,032,785

The accompanying notes are an integral part of these financial statements.

SAVINGS PROGRAM FOR EMPLOYEES OF CERTAIN EMPLOYERS
AT THE U.S. DEPARTMENT OF ENERGY FACILITIES AT OAK RIDGE, TENNESSEE
Statement of Changes in Net Assets Available for Plan Benefits
Year ended December 31, 2002
(in thousands of dollars)

	2002
Net assets available for benefits at beginning of year	$1,032,785
Additions to net assets	
Contributions	
Rollover	1,337
Employee	44,500
Employer	16,971
Total contributions	62,808
Investment income	
Dividends and interest	35,609
Net depreciation in fair value of investments	(91,136)
Total investment income	(55,527)
Total additions	7,281
Deductions from net assets	
Distributions and withdrawals	49,686
Administrative expenses	1,043
Total deductions	50,729
Net assets available for benefits at end of year	$ 989,337

The accompanying notes are an integral part of these financial statements.

1. Description of the Plan

General - The following description of the Savings Program for Employees of Certain Employers at the U.S. Department of Energy Facilities at Oak Ridge, Tennessee (the "Plan") provides only general information. A more complete description of the Plan is contained in the Plan document.

The Plan was established on July 1, 1996, as a defined contribution plan for salaried and hourly employees of Lockheed Martin Energy Systems, Inc., Lockheed Martin Utility Services, Inc., and Lockheed Martin Energy Research, Inc. (the "Companies"). The Plan is sponsored by BWXT Y-12, L.L.C. and UT-Battelle, L.L.C. The Companies provide contract management services for the Department of Energy at certain facilities located in Oak Ridge, Tennessee.

The Plan is a defined contribution plan, which covers all eligible employees of the adopting employers with contracts with the US. Department of Energy ("DOE") at the Oak Ridge, Tennessee facilities. By way of plan amendment, the plan became a multiple employer pension plan effective April 1, 2000, with the participating employers being Lockheed Martin Energy System, Inc. ("LMES"), and UT-Battelle, LLC ("UT-Battelle"). The Plan name was changed to the Retirement Program Plan for Employees of Certain Employers at the U.S. Department of Energy Facilities at Oak Ridge, Tennessee. Effective November 1, 2000, the contract between the Department of Energy and the Lockheed Martin Energy Systems, Inc., was terminated and BWXT-12, L.L.C. ("BWXT") became the successor employer. The plan was amended to name the new participating employers at that time.

Contributions – Participants may contribute basic contributions of 2-1/2 percent to 6 percent of eligible earnings (as defined by the Plan). Participants' basic contributions will be matched at a rate of 50 percent regardless of credited service. Effective January 1, 2002, if a participant is contributing the maximum 6 percent basic contribution, the participant may make supplemental contributions ranging from 6.5 percent up to 60 percent (or 16 percent for highly compensated employees) of eligible earnings. Supplemental contributions are not eligible for Company matching contributions. All employee contributions to the Plan may be made on a before-tax basis up to the annual before-tax limit or on an after-tax basis.

1. Description of the Plan, continued

Investment Options – Participants may direct contributions in increments of 5 percent to one or more of the following available investment options: Vanguard Windsor Fund, Stable Value Fund, Intermediate Term Bond Fund, Long Term Bond Fund, Indexed Equity Fund, American Balanced Fund, Investment Company of America Fund, Growth Fund of America Fund, New Perspectives Fund, Euro Pacific Fund, and Special Equity Fund.

The assets of the Plan are held in trust under an agreement between the Company and State Street Bank and Trust (the "Trustee").

Participant Accounts – Each participant's account is credited with the participant's and employer's matching contributions and the respective investment earnings of the individual funds. Forfeitures are deducted from future employer contributions.

Vesting – Participants are 100 percent immediately vested in their contributions, as adjusted for investment earnings and losses on their contributions. Company matching contributions become 100 percent vested after three years of service; at age 65 while a Company employee; upon retirement and eligibility to receive an immediate pension; or depart from the Company because of permanent disability, death or involuntarily terminated for reasons other than cause.

Participant Loans – Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 minus their highest outstanding loan balance during the previous twelve months or 50% of their vested account balance at the time of the loan. The loans are collateralized by the balance in the participant's account and bear interest at the prime rate plus 1 percent. Principal and interest are paid ratably through payroll deductions.

Administrative Expenses – Administrative expenses, including the cost of collecting and distributing amounts to and from participants and of keeping the individual records for all investment fund options, are paid by the Plan. The Company pays all other administrative expenses of the Plan.

Forfeited Accounts – Forfeited nonvested accounts are used to reduce employer contributions. In 2002, employer contributions were reduced by $34,194 from forfeited nonvested accounts.

2. Summary of Significant Accounting Policies

Basis of Accounting - The Plan's financial statements have been prepared using the accrual basis of accounting.

Payment of Benefits – Benefits are recorded when paid.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting periods. Actual results could differ from those estimates.

2. Summary of Significant Accounting Policies, continued

Valuation of Investments – Guaranteed investment contracts in the Stable Value Fund are fully benefit responsive, as defined in the American Institute of Certified Public Accountants' Statement of Position 94-4, *Reporting of Investment Contracts Held by Health and Welfare Benefit Plans and Defined Contribution Pension Plans*. A fully benefit responsive investment contract provides a liquidity guarantee, by a financially responsible third party, of principal and previously accrued interest for liquidations, transfers, loans or hardship withdrawals initiated by plan participants exercising their rights to withdraw, borrow or transfer funds under the terms of the Plan.

The average yields of the guaranteed investment contracts for the years ended December 31, 2002 and 2001, were 5.64 percent and 6.45 percent, respectively. The crediting interest rates for contracts as of December 31, 2002 and 2001, were 5.25 percent and 6.01 percent, respectively. There are no valuation reserves recorded to adjust contract values. The fair value of investment contracts (including short-term assets at book value) reported at contract value in accordance with FASB Statement No. 107, *Disclosures About Fair Value of Financial Instruments,* as of December 31, 2002 and 2001, were $573,586,615 and $523,709,084, respectively. Rates are fixed on traditional guaranteed investment contracts and are reset quarterly or monthly on synthetic contracts under various calculations. All resets have a floor of 0 percent. Investments in guaranteed investment contracts are stated at contract value, which represents the initial investment plus accumulated interest and approximates fair value.

Investments in shares of registered investment companies and common/collective trusts are stated at fair market value as determined by State Street Bank and Trust. Investments in common stock are stated at fair market value as determined by reference to closing prices quoted on the New York Stock Exchange. Participant loans are valued at outstanding balances, which approximate fair value. Purchases and shares of securities are recorded on a trade date basis. Dividends are recorded on the ex-divided date.

3. Investments

Investments in the Stable Value Fund that represent 5 percent or more of net assets are as follows:

(*in thousands of dollars*)	**2002**	**2001**
Group Annuity Contract, Number 1996-BBB1, Metropolitan Life Insurance Company	$ 131,878	$ 137,313
Group Annuity Contract, Number 1998-R7, Metropolitan Life Insurance Company	does not exceed 5%	58,942

Other investments that represent 5 percent or more of net assets are as follows:

(*in thousands of dollars*)	**2002**	**2001**
Indexed Equity Fund	$ 60,240	$ 76,961
Vanguard Windsor Fund	134,686	176,598
Growth Fund of America	79,584	104,967

Notes to Financial Statements, Continued

4. Plan Termination

Although it has not expressed any intent to do so, the Companies have the right to amend, suspend or terminate the Plan at any time except as provided in any agreement with a collective bargaining unit and subject to the provisions of ERISA. In the event of Plan termination, participants will become 100 percent vested in their accounts.

5. Net Depreciation in Fair Value of Investments

The components of the net depreciation in fair value of investments are as follows:

(*in thousands of dollars*)	December 31, 2002	December 31, 2001
U.S. Treasury bonds, U.S. agency bonds, mortgage-backed bonds, and corporate bonds	$ 1,137	$ (786)
Registered investment companies and common/ collective trusts	(100,724)	(31,981)
Lockheed Martin common stock	8,451	8,685
Net depreciation in fair value of investments	$ (91,136)	$ (24,082)

6. Income Tax Status

The Plan obtained its latest determination letter on July 12, 2002, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (the "IRC"). The Plan has been amended since receiving the determination letter. However, the Plan Administrator and the Plan's tax counsel believe the Plan is being operated in compliance with the applicable provisions of the IRC.

During 2002, the Plan was amended to apply the minimum distribution requirements of IRC Section 401(a)(9) and to meet compliance requirements of the *Economic Growth and Tax Relief Reconciliation Act of 2001*. It is the Plan Administrator's understanding that the Plan remains qualified with the adoption of these standard amendments, without further IRS review.

SAVINGS PROGRAM FOR EMPLOYEES OF CERTAIN EMPLOYERS
AT THE U.S. DEPARTMENT OF ENERGY FACILITIES AT OAK RIDGE, TENNESSEE
Schedule of Assets (Held at End of Year)
Year ended December 31, 2002

a. Party in Interest	b. Identity of issuer, borrower, lessor, or similar party	c. Description of investment including maturity date, rate of interest, collateral, par or maturity date	e. Current Value
	State Street Bank and Trust		
	Stable Value Fund		
	Rabobank Nederland	Group Annuity Contract, TD 11/21/02: CMO (FNR 2002-74 PH) 4.23%	$ 8,650
	CDC Financial Products	Group Annuity Contract, TD 9/27/02: CMBS (BSCMS 2002-TOP8 A1) 3.94%	4,878
	UBS Warburg	Group Annuity Contract, TD 8/30/02: CMBS (BSCMS 2001-TOP4 A1) 4.18%	13,000
	J.P. Morgan Chase Bank	Group Annuity Contract, TD 5/29/02: CMO (FHR 2439 LC) 4.18%	12,822
	Rabobank Nederland	Group Annuity Contract, TD 12/19/01: CMBS (MSDWC 2001-TOP5 A1) 4.96%	6,274
	J.P. Morgan Chase Bank	Group Annuity Contract, TD 9/26/01: ABS (FORDO 2001-E A4) 3.98%	9,384
	CDC Financial Products	Group Annuity Contract, TD 7/25/01: CMO (FHR 2104 PD) 4.94%	10,111
	UBS Warburg	Group Annuity Contract, TD 3/26/01: CMO (FHR 2115 PL) 5.23%	10,076
	UBS Warburg	Group Annuity Contract, TD 2/22/01: CMO (FHR 2138 PG) 5.73%	10,021
	Rabobank Nederland	Group Annuity Contract, 11/29/00: ABS (USAOT 2000-1 A4) 6.58%	12,009
	J.P. Morgan Chase Bank	Group Annuity Contract, 10/25/00: CMBS (BACM 2000-2 A1) 7.03%	12,522
	Rabobank Nederland	Group Annuity Contract, 9/26/00: CMO (FHR 2073 PD) 12.21%	1,763
	Monumental Life Insurance Co.	Group Annuity Contract, 9/20/00: CMBS (BSCMS 2000-WF1 A1) 7.19%	9,823
	Rabobank Nederland	Group Annuity Contract, 99-TT1-ALT: CMBS (PNCMA 1999-CM1 A1A) 7.10%	4,806
	Monumental Life Insurance Co.	Group Annuity Contract, 99-PP4-ALT: ABS (FCCMT 1999-C A) 7.07%	4,187
	J.P. Morgan Chase Bank	Group Annuity Contract, 99-LL5-ALT: ABS (BMWOT 1999-A A4) 6.64%	916
	CDC Financial Products	Group Annuity Contract, 99-HH14-ALT: CBO (BRIC) 6.74%	6,685
	UBS Warburg	Group Annuity Contract, 99-X5-ALT: CMBS (BSCMS 1999-WF2 A1) 6.86%	4,755
	West DB AG	Group Annuity Contract, 99-U4-ALT: ABS (EQCC 1999-2 A3F) 6.23%	4,816
	Principal Life Insurance Co.	Group Annuity Contract, 98-O-ALT: Portfolio (FNMA & FHLMC) 6.01%	881
	Metropolitan Life Insurance Co.	Group Annuity Contract, 96-BBB1&2-ALT: Portfolio (SSR) 5.84%	131,245

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AT THE U.S. DEPARTMENT OF ENERGY FACILITIES AT OAK RIDGE, TENNESSEE
Schedule of Assets (Held at End of Year)
Year ended December 31, 2002

a. Party in Interest	**b. Identity of issuer, borrower, lessor, or similar party**	**c. Description of investment including maturity date, rate of interest, collateral, par or maturity date**	**e. Current Value**
	Principal Life Insurance Co.	Group Annuity Contract, TD 12/18/02, 3.97%	13,000
	Protective Life Insurance Co.	Group Annuity Contract, TD 10/23/02, 4.28%	13,046
	Principal Life Insurance Co.	Group Annuity Contract, TD 8/28/02, 4.32%	9,603
	Pacific Life Insurance Co.	Group Annuity Contract, TD 7/29/02, 4.48%	12,685
	Pacific Life Insurance Co.	Group Annuity Contract, 6/26/02, 4.52%	12,737
	GE Capital Assurance Co.	Group Annuity Contract, 5/29/02, 4.78%	12,798
	GE Capital Assurance Co.	Group Annuity Contract, 4/25/02, 4.44%	12,827
	Monumental Life Insurance Co.	Group Annuity Contract, 2/26/02, 4.30%	12,904
	GE Capital Assurance Co.	Group Annuity Contract, 1/29/02, 4.69%	12,986
	New York Life Insurance Co.	Group Annuity Contract, 11/28/01, 4.58%	12,551
	GE Capital Assurance Co.	Group Annuity Contract, 10/29/01, 4.06%	12,529
	Principal Life Insurance Co.	Group Annuity Contract, 9/26/01, 4.70%	12,666
	New York Life Insurance Co.	Group Annuity Contract, 6/18/01, 5.72%	14,091
	Monumental Life Insurance Co.	Group Annuity Contract, 99-F1, 5.74%	2,109
	GE Life & Annuity Assurance Co.	Group Annuity Contract, 99-B1, 5.61%	2,107
	Principal Life Insurance Co.	Group Annuity Contract, 98-MM6, 5.71%	2,003
	Principal Life Insurance Co.	Group Annuity Contract, 98-HH5, 5.75%	1,792
	Protective Life Insurance Co.	Group Annuity Contract, 98-Z3, 5.76%	2,161
	New York Life Insurance Co.	Group Annuity Contract, 98-W3, 6.02%	2,207
	Protective Life Insurance Co.	Group Annuity Contract, 98-S1, 6.10%	3,689
	Metropolitan Life Insurance Co.	Group Annuity Contract, 98-R7, 7.16%	37,669
	GE Life & Annuity Assurance Co.	Group Annuity Contract, 98-M3, 6.15%	2,796
	GE Life & Annuity Assurance Co.	Group Annuity Contract, 98-J6, 6.17%	2,812
	Travelers Life and Annuity Co.	Group Annuity Contract, 97-MM1, 6.30%	2,889
	New York Life Insurance Co.	Group Annuity Contract, 97-H1, 6.25%	850
	Short term investments	1.63%	29,865
	Total Stable Value Fund		536,996
	Intermediate Bond Fund	U.S. Treasury Bonds, U.S. agency bonds, mortgage-backed bonds, and corporate bonds	10,093
	Long-Term Bond Fund	U.S. Treasury Bonds, U.S. agency bonds, mortgage-backed bonds, and corporate bonds	24,200
	American Balanced Fund	Registered investment company shares	27,022
	Indexed Equity Fund	Registered investment company shares	60,275
	Investment Company of America	Registered investment company shares	31,379
	Vanguard Windsor Fund	Registered investment company shares	134,792
	Growth Fund of America	Registered investment company shares	79,646
	New Perspectives Fund	Registered investment company shares	33,997
*	Lockheed Martin Stock Fund	Common Stock	30,306
	EuroPacific Fund	Registered investment company shares	2,558
	Special Equity Fund	Registered investment company shares	6,075
*	Loan Fund	Participant notes at variable rates ranging from 5.75% to 10.5%	10,356
			$ 987,695

NOTE - Column d. is not applicable.

See accompanying Report of Independent Accountants.